



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

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Fifth District

September 4, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

State Budget Update

As reported in our September 2, 2008 Sacramento Update, last week Senate Republicans released their "No Tax Increase Budget". Its primary components include 1) rejection of the Governor's temporary sales tax increase proposal; 2) borrowing \$2.0 billion in FY 2008-09 from the securitization of the existing lottery; and 3) increasing program reductions by an estimated \$1.6 billion which would primarily affect health and human services. Of the additional \$1.6 billion in reductions, nearly all were previously proposed as part of the Governor's January Budget, May Revision, August Budget Compromise, or were included in the Conference Committee Budget Report, AB 1781.

Other key components of the Senate Republicans' Plan (Plan) include: 1) a budget reform proposal which would: a) establish a spending cap; b) strengthen the rainy day fund; c) require a two-thirds vote to use funds from the rainy day fund; d) grant mid-year budget authority to the Governor; and e) prevent the Legislature from adjourning until a budget is passed; and 2) an economic stimulus package which calls for Federal conformity on high wage overtime exemptions, worker schedule flexibility, and public-private partnerships. The Plan does not include any borrowing from local government pursuant to Proposition 1A of 2004 and Proposition 42 of 2002.

"To Enrich Lives Through Effective And Caring Service"

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Estimated Impact on the County

Based on our preliminary review, we estimate that the impact from the Senate Republicans' Plan could result in a loss of \$242.0 million to the County, which is in addition to our previously reported loss of \$58.7 million from Budget Conference Committee actions. The overall potential impact on the County is a loss of \$300.7 million. The additional losses to the County can be attributed to the following previously introduced major curtailment proposals:

Estimated Impact	Senate Republicans' Budget Plan
\$ 105.0 million	Proposal to reduce cash assistance payments to CalWORKs recipients, which could result in increased County costs from the shift of recipients to the General Relief Program.
\$ 48.6 million	Proposal to reduce State participation in In-Home Supportive Services (IHSS) wages and benefits.
\$ 25.0 million	Proposal to reduce Child Welfare Administration.
\$ 23.1 million	Proposal to reduce the State Maximum Allowance rate to mental health adult and children programs.
\$ 13.7 million	Proposal to eliminate the Cash Assistance Program for Immigrants.
\$ 7.3 million	Proposal for additional reductions to Medi-Cal Administration funding for counties.
\$ 5.6 million	Proposal for additional reductions to the Mental Health Managed Care Program
\$ 5.0 million	Proposal to change Section 1931(b) eligibility requirements for the Medi-Cal Program.
\$ 3.0 million	Proposal to reduce Proposition 36 and Offender Treatment Programs funding.
\$ 2.6 million	Proposal to reduce Adult Protective Services Program funding.
\$ 1.5 million	Proposal to change Medi-Cal Program eligibility for legal immigrants.
\$ 1.5 million	Proposal to eliminate the Community Treatment Facilities differential rate.
\$242.0 million	Potential Impact from Senate Republicans' Plan

Some components of the Senate Republicans' Plan are lacking in detail. For example, in addition to the curtailments noted above, other proposed reductions may affect the County. These include: 1) additional reductions to IHSS administration funding for counties (\$7.6 million); 2) reductions for alcohol and drug related program funding (\$6.6 million); and 3) a reduction in funding to the California Children Services Program (\$4.5 million). The Plan also proposes to restore \$14.0 million for the Citizen's Option for Public Safety and the Juvenile Justice Crime Prevention Act programs; however, there is no specific information to determine how much funding will be available for the County.

Legislative staff is preparing the proposed bill language which will be presented for a vote on the Senate Floor. It is not known at this time when this budget proposal will be considered; however, Senate President Pro Tem Don Perata has indicated that the Senate will meet every day at 4:00 p.m. until the State Budget is adopted. On Friday, however, the Senate will convene at 9:00 a.m.

Neither the Governor nor the Democratic Legislative leadership expressed any support for the Plan.

Survey of the Impact on Counties of Prison Overcrowding

Currently, there is ongoing litigation regarding the quality of health care in State prisons. A three judge panel presiding over the lawsuits has called for a November trial to rule on whether the State is providing adequate health care to its inmates. Should the court find that the level of health care is inadequate, it will proceed to determine whether it is a result of the current overcrowding in State correctional facilities. The California State Association of Counties (CSAC) has joined a coalition of local law enforcement stakeholders in an effort to seek standing in this litigation. The three judge panel has requested the plaintiffs, defendants and stakeholders to meet with a mediator in an effort to reach a settlement. So far, these efforts have been unsuccessful.

Mr. Paul McIntosh, Executive Director of CSAC, has previously presented testimony to the court at the request of Santa Clara County stating that it should consider the impact on counties of any decision to limit the State prison population through the use of a population cap or an early release of inmates. As a result, CSAC has been asked to survey counties on the local impact of the potential release of inmates.

The CSAC survey asks counties to focus on the impact of an early release plan by the State. It asks for information on county costs to provide the health, mental health, and welfare services, the number of clients to be served, client to staff ratios, waiting lists for services, staffing vacancies or staff shortages, and the type, level, cost and scope of any contracted services provided by non-governmental organizations. The survey also requests information on all services provided to persons in the county.

While the survey specifically requests information regarding services in the areas of health, alcohol and drug programs, mental health, general assistance, and housing, it also asks for information on other client needs which may include job training, daycare, and academic and vocational education. Finally, the survey asks counties to estimate the time and cost to develop the necessary structural and workforce infrastructure to provide services to the newly released population. CSAC has requested that the survey be completed by September 17, 2008.

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The results of the survey will be shared with the court and will be available as a matter of public record.

Status of Additional County Advocacy Legislation

County-supported AB 860 (Salas), as amended on May 20, 2008, which would extend the sunset date from January 1, 2010, to January 1, 2018 for a \$1 surcharge to existing vehicle registration fees for programs relating to vehicle theft crimes, passed the Assembly on August 7, 2008 by a vote of 47 to 25 and now proceeds to the Governor.

County-opposed AB 1917 (Dymally), as amended on June 30, 2008, would permit the Board of Supervisors of Los Angeles County to adopt by resolution a stipulation that the surviving spouse of a county employed physician or dentist working in a county jail or locked mental health facility whose death results from an attack by an inmate receive a specified monthly death benefit allowance. The Assembly concurred with Senate amendments on August 7, 2008 by a vote of 47 to 29 and the bill now proceeds to the Governor.

We will continue to keep you advised.

WTF:GK:ML
MR:IGA:lm

c: All Department Heads
Legislative Strategist
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California Contract Cities Association
Independent Cities Association
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